

# Annual Affordable Housing Update to Economic Development Commission

Kim Hart – EDC Member

Michelle Krockner – Chair, Housing Advisory Board

Joe Paciulli – Chair, Affordable Dwelling Unit Advisory Board

December 4, 2009

# Goals of the Presentation:

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Keep affordable workforce housing on the “front burner” at the EDC.

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Elevate housing as an issue at the Board of Supervisors.  
What EDC members can do.

# Briefing Overview

- ◆ Overview of Issue (and data dump) – Kim
- ◆ Affordable Dwelling Unit (ADU) Ordinance – Joe
- ◆ Housing Advisory Board (HAB) – new policies, programs, and partnerships – Michelle
- ◆ Recommendations - Kim

# Overview



How is Loudoun County doing in addressing the need for affordable workforce housing?

Kim Hart

# Overview

- ◆ My summary from studying the issue since our last update in 2006.

- ◆ Lots of Help – Thank You

Loudoun County Housing Staff – Sarah Coyle Etro

Housing Advisory Board Members

ADU Advisory Board Members

School District: Ed Hatrick

E. Leigh Burden

Sara Howard-O'Brien

Loudoun County Capital Program – Paul Brown

Loudoun County Industrial Development Authority and John Harris

- ◆ December is an appropriate moment to pause and consider housing.

# Loudoun County has a huge gap in affordable workforce housing.

- ◆ Best study to date is still: AECOM Study – presented to HAB August 1, 2006.
- ◆ Applied 3 screening criteria to define as similar to Loudoun:
  - Similar in size (150,000 – 400,000)
  - Similar in average worker income (over 135% of US average)
  - Similar “suburban” location (next to a metro area).

# AECOM: Peer County list (31 compared to Loudoun)

Peer County	Nearby Metro Area	Popluation (2003)	Earnings Per Worker (2003)
Somerset County, NJ	New York, Ny	312,330	\$71,459
Washtenaw County, MI	Detroit, MI	335,805	\$50,826
<b>Loudoun County, VA</b>	<b>Washington, DC</b>	<b>221,150</b>	<b>\$50,459</b>
Howard County, MD	Baltimore, MD	263,948	\$49,494
Rockland County, NY	New York, Ny	292,969	\$47,441
Middlesex County, CT	Hartford, CT	161,637	\$46,634
Boulder County, CO	Denver, CO	277,467	\$46,298
Henroco County, VA	Richmond, VA	271,608	\$45,332
Waukesha County, WI	Milwaukee, WI	374,186	\$44,504
Wyandotte County, KS	Kansas City, MO	157,002	\$44,295
Clayton County, GA	Atlanta, GA	259,741	\$43,807
Racine County, WI	Milwaukee, WI	192,560	\$42,624
Jefferson County, TX	Houston, TX	248,742	\$42,470
Monroe County, MI	Detroit, MI	150,894	\$42,300
Rutherford County, TN	Nashville, TN	202,225	\$42,012
Yolo County, CA	Sacramento, CA	181,898	\$41,532
Placer County, CA	Sacramento, CA	293,630	\$41,174
Ottawa County, MI	GrandRapids, MI	249,547	\$40,844
Kitsap County, WA	Seattle, WA	239,752	\$40,712
Williamson County, TX	Austin, TX	304,024	\$40,659
Cumberland County, PA	Harrisburg, PA	219,622	\$40,594
Dakota County, MN	Minneapolis-St. Paul, MN	373,521	\$40,171
Brown County, WI	Appleton, WI	234,269	\$39,865
Kenton County, KY	Cincinnati, OH	152,424	\$39,414
Rock County, WI	Madison, WI	154,951	\$39,388
Shelby County, AL	Birmingham, AL	159,641	\$39,359
Greene County, OH	Dayton, OH	150,838	\$39,232
Hamilton County, IN	Indianapolis, IN	220,864	\$39,192
Livingston County, MI	Detroit, MI	173,102	\$38,992
Outagamie County, WI	Green Bay WI	167,672	\$38,868
Kent County, RI	Providence, RI	171,542	\$38,804
Frederick County, MD	Washington, DC	213,623	\$38,701
<b>Average</b>	<b>na</b>	<b>231,033</b>	<b>\$43,129</b>

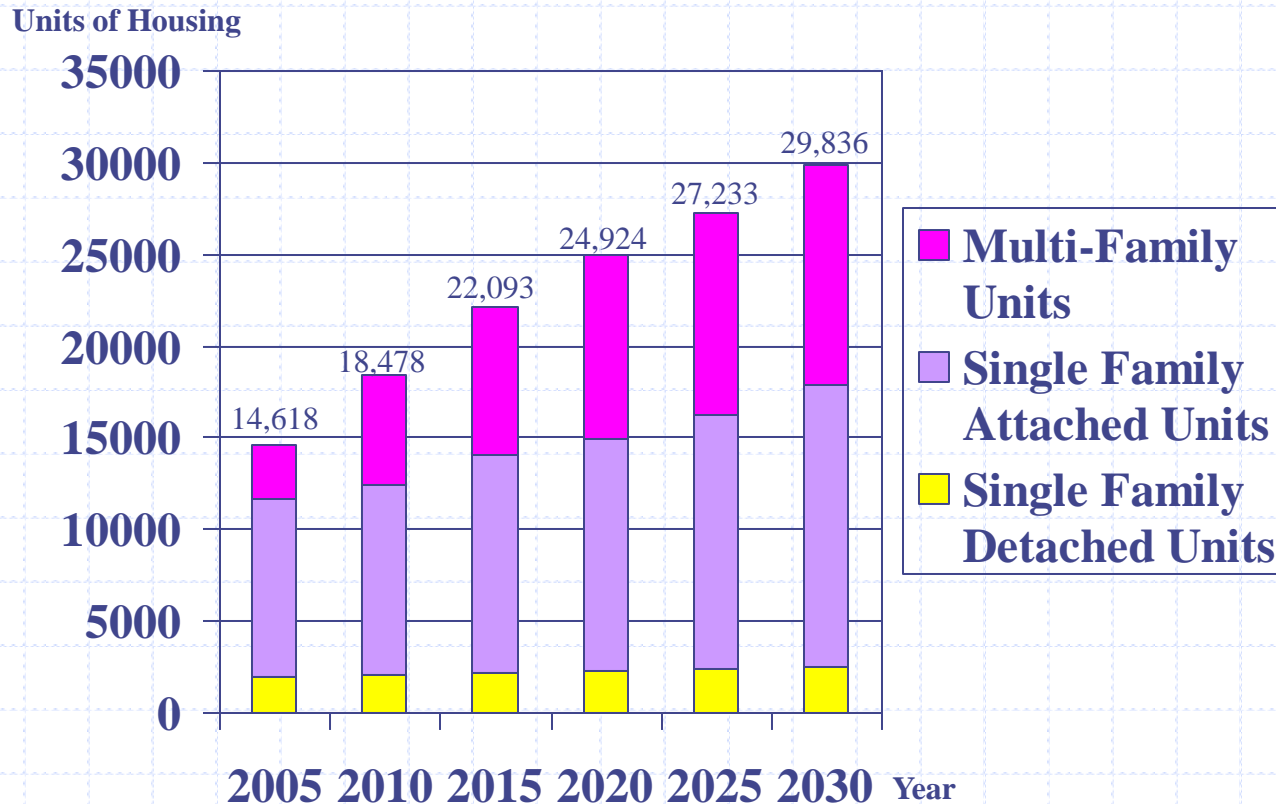
# AECOM Comparison of In-Commuters

Industry	Average of 31 Peer Counties	Loudoun County	Loudoun Difference
Local Government: Teachers, Fire, Police, Planners, Other Govt. Staff	6%	45%	+39%
Transportation/ Warehouse	15%	53%	+38%
Construction	41%	62%	+21%
Retail	31%	35%	+4%

Note: These are 4 out of 14 industries studied where Loudoun In-Commuters are higher than peers.



# AECOM: affordable housing need by type



Note: Required housing units for Loudoun County to match peers in just the 4 industries on the previous page. Excludes those already living here who are paying too much.

# Loudoun County In-Commuting Teachers and School District Staff.

Loudoun County Public Schools Data, by zip code, supports AECOM finding.

**Percentage of Loudoun County School Staff Currently Loudoun County Residents**

			<b>Loudoun County</b>		
<b>Type</b>	<b>Skills</b>	<b>Total</b>	<b>Residents</b>	<b>Percentage</b>	<b>In-Commuters</b>
Administrators	Supervisory	312	207	66.5%	33.5%
Auxiliary	Psychologists, Social Workers, Counselors, Coaches	80	44	54.6%	45.4%
Classified	Support Staff, Cleaning, Maintenance	3150	2495	79.2%	20.8%
Licensed	Teachers	4647	2940	63.3%	36.7%
Totals		8190	5687	69.4%	30.6%

# A HUGE issue is the cost of land!

## RELATIVE LAND COST TO ACCOMMODATE 50 UNITS AT VARIOUS RESIDENTIAL DENSITIES

Type	Density (Zoning)	Acres for 50 Units	Assume Land Cost at \$300,000 <sup>2</sup> /acre Avg.	Average Land Cost per Unit
Single Family Detached	AR 20	1,000	} Not Computed \$7,500,000	\$150,000
	AR 10	500		
	A – 3	150		
	R - 2	25		
Single Family Attached	R – 4	10.4	\$3,120,000	\$62,500
	ADU-R - 8	5.2 <sup>4</sup>	\$1,560,000	\$31,200
Multi-Family	ADU-R - 8	5.2 <sup>4</sup>	\$1,560,000	\$31,200
	ADU-R – 16	4.9 <sup>3</sup>	\$1,470,000	\$29,400
	PD-MUB	3.2 <sup>4</sup>	\$ 960,000	\$19,200

Note: Acceptable land cost for affordable housing is \$10,000-\$15,000 / unit.

# Who gets left out – single income households

## 2008 Loudoun County Wage Comparison (rounded to nearest \$100)

Occupation	Years of Service			
	Entry	5 Years	10 Years	20 Years
Teacher	\$43,000	\$45,000	\$54,000	\$74,000
Deputy Sheriff	\$39,500	\$46,200	\$52,900	\$66,200
Fireman	\$37,400	\$43,700	\$50,100	\$62,750
Sales Clerk	\$18,700	\$21,700	\$25,100	\$33,700
Classified School Staff	\$16,700	\$18,800	\$21,800	\$29,300

## Average Home Prices in Loudoun County

	Single-Family Detached	Single-Family Attached	Multi-Family Condo
November 2006 (Household Income to Qualify)	\$673,468 (\$224,489)	\$457,081 (\$152,360)	\$318,425 (\$106,142)
December 2007 (Household Income to Qualify)	\$667,874 (\$222,625)	\$405,724 (\$135,241)	\$303,049 (\$101,016)
August 2008 (Household Income to Qualify)	\$572,122 (\$190,707)	\$356,346 (\$118,782)	\$261,644 (\$87,215)

## 2008 Average Monthly Rents in Loudoun County

	1-Bedroom	2-Bedroom	3-Bedroom
Loudoun Co. (avg.)	\$1,197	\$1,390	\$1,654
Annual Household Income to Qualify	\$51,900	\$59,600	\$70,200

# Who gets left out – two-income households

**Loudoun County Wage Comparison (2008)**

Occupation	Years of Service			
	Entry	5 Years	10 Years	20 Years
Teacher	\$86,000	\$90,000	\$108,000	\$148,000
Deputy Sheriff	\$80,600	\$93,400	\$108,400	\$145,600
Fireman	\$76,400	\$88,600	\$102,600	\$137,800
Sales Clerk	\$37,400	\$43,400	\$50,200	\$67,400
Classified School Staff	\$33,400	\$37,600	\$43,600	\$58,600

**Average Home Prices in Loudoun County**

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# Foreclosed properties won't solve the problem

**Estimated Foreclosures in Loudoun County**

Year	Estimated Foreclosures	Rate per Month
2007 March '07 – Feb '08	954	80/month
2008	2310	190/month
2009 to date January - August	928	116/month
2009 to year end	464	116/month
Total	4656	////////////////////

**Sample of Foreclosed Unit pricing 2008 and 2009 (Brambleton)**

Year	Unit Type	# of Units Sold in Quarter	Average Closing Price
2 <sup>nd</sup> Quarter 2008	Condo	7	\$220,475
	Townhouse	15	\$396,120
	Single Family	12	\$559,658
2 <sup>nd</sup> Quarter 2009	Condo	7	\$188,357
	Townhouse	10	\$346,550
	Single Family	16	\$559,484

Note: No 2-income household (previous page) qualifies for any of these units.

## Surplus County/School land won't solve the problem

- ◆ Over the past 2½ years I've reviewed the lists of all potential surplus County and School Board land.
- ◆ Based on my analysis, I didn't find any parcel suitable for a 50+/- unit affordable housing development.
- ◆ Upon reflection, we shouldn't be surprised. Both County and School staff are good at meeting their requirements, and surpluses don't often happen.
- ◆ Any opportunity like this in the future should be pursued, but are not likely to happen often enough to increase the stock of affordable housing in the county.

## ADU Ordinance is great but won't solve the problem

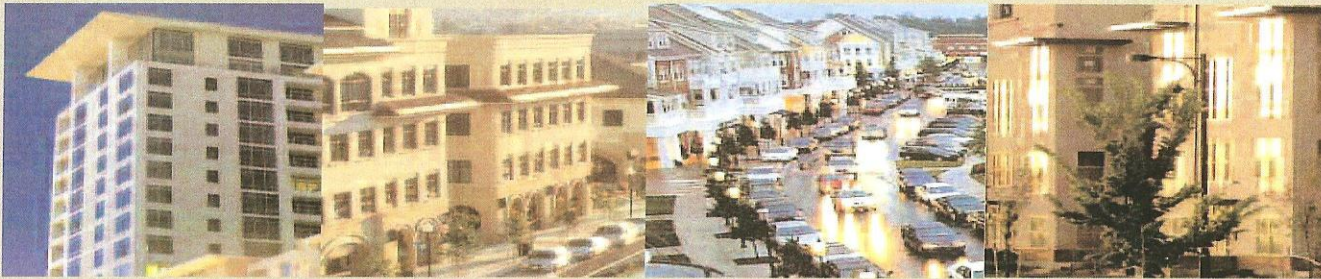
- ◆ Thank God we have the ADU ordinance or we wouldn't have any affordable housing at all.
- ◆ But the ADU program is delivering about 100 units per year (vs. a need of 500-900 units per year).
- ◆ ADU program is tied to past development patterns in Loudoun County:
  - Good for delivering townhouses and a few single family detached units.
  - Very few multi-family units (20-25 per year avg.).



# Solution: A) Higher Density Housing in Mixed Use Developments

## Higher-Density Development

### MYTH AND FACT



Urban Land  
Institute

# Mixed Use is a “Smart Growth” strategy to achieve more affordable housing

- ◆ Higher density reduces land cost per unit – thus increasing affordability.
- ◆ High density housing tends to have fewer families with children – reducing school impacts.
- ◆ High density housing generates less traffic per unit, enhances walking and public transit, and encourages shared parking.
- ◆ High density housing is less environmentally destructive because it paves less natural area.
- ◆ High density housing increases diversity in renters and across income groups.
- ◆ A smart growth strategy endorsed by the Sierra Club.

## Solution: B) Incentives for developers to provide lower cost land for affordable housing.

- ◆ The current ADU ordinance gives density “bonuses” to developers in exchange for providing required ADUs. [More on this from Joe.]
- ◆ The county’s new mixed use business (MUB) zoning category provides real incentives for affordable housing.
  - For 10% more affordable housing (over and above the ADU requirement),
  - Developer gets a 0.1 increase in FAR (floor area ratio) over the whole project,
  - Trust me, that is a very attractive bonus!



Solution: C) More County base funding to leverage  
7x to 10x more State and Federal funding.

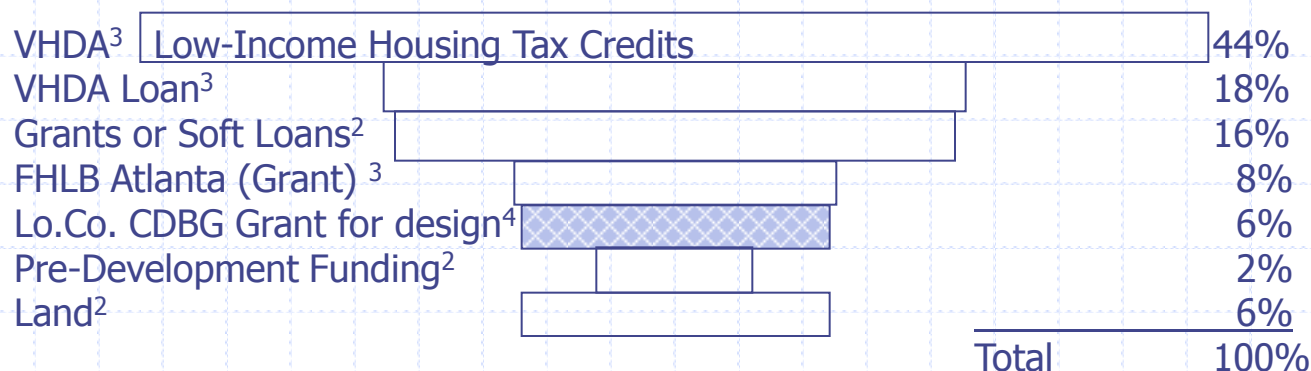


## Levis Hill House awards—certified green/Energy Star



# Levis Hill House Funding Leverage: 16:1

The "Funding Pyramid" for Levis Hill House  
Illustrating How Limited County Funding Can Be Used to Leverage  
Other Sources of Affordable Housing Funding



Notes:

- (1) 20-unit Elderly Housing Project in Middleburg, VA.
- (2) In addition to CDBG funding, County funds may be called upon to support land purchases, pre-development activities, or other "gap" funding through grants or soft loans.
- (3) VHDA tax credits, VHDA low-interest loans, and other federal or state grants are the type of funds that can be obtained to "leverage" County funds.
- (4) Total Project Cost : Loudoun County Funding

\$5,297,000 : \$317,800

16.7 : 1

Source: Windy Hill Foundation

# Loudoun County "Outhouse" Update

- ◆ "Our latest data available is from March, 2008."
- ◆ "There are 25 active privies in Loudoun County."
- ◆ "Most of these remaining privies are hardship cases."

Jerry Franklin, Environmental Health Supervisor  
Loudoun County Department of Health

# Joe's Points for Housing Discussion

- ◆ Ordinance established so that ADU's (Affordable Dwelling Units) are provided as a part of larger residential developments. Ordinance driven, not voluntary or flexible.
- ◆ ADUAB administers the provisions of the County Ordinance
- ◆ ADUAB stands for the – Affordable Dwelling Unit Advisory Board  
Members appointed by the Loudoun County Board of Supervisors
- ◆ ADU's restricted to those with income between 30% – 70% of median income
  - 30% - 50% rental units
  - 50% - 70% for sale units
- ◆ Basic formula:
  - Allowed density + 20% bonus with 12.5% provided as ADU's
  - Doesn't really work that way, but who's counting.



# Joe's Points for Housing Discussion

- ◆ Over 1,500 units in the program. That's a great success !
- ◆ Loudoun's ADU Ordinance has accomplished a lot and has been the main provider of Affordable Units to the County.  
But it isn't everything.  
It is not enough to meet our total housing needs.
- ◆ Why an EDC issue ?  
ADUAB is forming an amendment to the Ordinances to improve the program.  
The EDC should stay involved and support.
- ◆ But really, why is this an EDC issue ?  
Our employees can find affordable housing in Loudoun County.  
Our employees' grown children can afford to stay and live in Loudoun County.  
A Loudoun County program that can help Loudoun County employers.

# Housing Advisory Board:

## New Policies, Programs, and Partnerships

Economic Development Commission  
Briefing

December 4, 2009

# *Since we last met in 2006...*

## Revised Housing Policies Approved in Sept 2007

- ◆ Residents and workers should be served by a range of housing opportunities
- ◆ A diversity of housing types to address the needs of all households in our community
- ◆ The market cannot meet the need for low and moderate income households
- ◆ Programs, regulatory/financial tools are needed to address housing for those priced out of the market.

# Principles of New Policies

- ◆ Locating near transit & employment centers
- ◆ Addressing continuum of need up to 100% AMI
- ◆ Need for continuing evaluation
- ◆ Bringing substandard housing up to code
- ◆ Incentives to encourage private investment
- ◆ Prioritizing public land and resources
- ◆ Universal design
- ◆ Energy efficiency

# Financial Tool for Housing

HAB & ADUAB formed Joint Trust Fund Cmttee to create funding stream for housing.

- ◆ Committee included members from the HAB, ADUAB & IDA.
- ◆ Worked to consolidate existing, proffered housing contributions by developers.
- ◆ Developed application, funding criteria.
- ◆ Priority given to proposals that served lower income households and leveraged fund dollars with other debt and/or equity.

# Initial Outcome for Joint Trust Fund

1. RFP announcing Fund in Sept 2008 drew no response from multifamily developers, mostly likely due to the collapse of RE markets and credit freeze.
2. Recently, Habitat for Humanity proposal to develop 11 homes was awarded \$500,000.
3. A Developer Roundtable session to discuss development opportunities using the Trust Fund is being planned.

# Impact of New Policies on Zoning and Land Use

- ◆ Policy Committee of the HAB is reviewing each policy for potential land use/zoning implications, with goal of making recommendations for any necessary action.
- ◆ This committee is also participating in ADUAB's work plan to review Article 7 of the Zoning Amendment (ADU ordinance)

# *Looking Ahead ....*

## Making the Case for Affordable Housing in the Current Economic Climate

- ◆ The impact of foreclosures and depressed real estate values on the perceived need.
- ◆ Continuing to highlight the unmet housing needs in Loudoun as documented in the 2006 AECOM study.
- ◆ Creating partnerships with other community organizations who support housing opportunities.



# Affordable Housing Provides Community Benefits for All

- ◆ Opportunities for workers to live in the community they serve.
- ◆ Paychecks stay in the community rather than migrating outside of the County.
- ◆ A workforce with options to live near job centers is easier to recruit and retain.
- ◆ Locating housing near jobs reduces traffic congestion – a benefit to everyone!
- ◆ Compact, mixed-use development is more energy efficient and sustainable.

# Kim's Recommendations

- ◆ Keep affordable workforce housing on the front burner at EDC:
  - Annual update
  - Highlight exceptional events.
- ◆ Elevate affordable workforce housing at the Board of Supervisors:
  - Find and encourage at least one advocate on Board.
  - Ask Board and new County Administrator to reinstate housing as a department. (Proposed to EDC. Not discussed by HAB.)
  - Push Board to commit to annual funding in support of affordable housing.
- ◆ What EDC members can do:
  - Add affordable housing to new projects.
  - Participate in employer housing programs.



**NO JOHNS FOR JOHN**